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PROGRAM BUDGETING FOR EDUCATION--STATE AND LOCAL GOVERNMENTS.

BY- VINCENT, HOWARD

NATIONAL CENTER FOR EDUCATIONAL STATISTICS #DHEW*

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INFORMATION IS PRESENTED CONCERNING THE AVAILABILITY OF
FINANCIAL INFORMATION WHICH PERTAINS TO ALLOCATION OF
EDUCATIONAL RESOURCES IN THE PRIVATE AND PUBLIC SECTORS OF
THE ECONOMY AND THE EFFECTIVENESS OF THIS ALLOCATION. (HW)

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**NATIONAL CENTER FOR EDUCATIONAL STATISTICS
Division of Operations Analysis**

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**Technical Note
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NATIONAL CENTER FOR EDUCATIONAL STATISTICS
Alexander M. Mood, Assistant Commissioner

DIVISION OF OPERATIONS ANALYSIS
David S. Stoller, Director

PROGRAM BUDGETING FOR EDUCATION:
State and Local Governments

By Howard Vincent

We are responding to an "issue paper" inquiring into the availability of financial information pertaining to the allocation of educational resources in the private and public sectors of the economy. Secondly, we are interested in the effectiveness of this allocation process. Hence, we are thrown into the area of program budgeting and the measuring of alternative cost and benefits of various educational programs.

To begin, let us look at the kind of data that are desirable for program budgeting. A general classification structure for both the private (including payments of industry and business, non-profit organizations, and individuals) and public sectors (Federal, State and Local Government) is given in chart 1.

It is likely that the various sources of educational funds will have an input to these major educational categories in terms of some definite programs (see chart 2). For example, the Federal Government has a program for providing construction funds for colleges and universities; States provide special programs for exceptional children in the elementary and secondary school, and corporations pay tuition fees for their employees. Individuals also make payments in the various educational categories. While the relative size of educational funds channeled into any one category varies from tuition payments by individuals

C H A R T I

General Classification Structure for
Education and Training Programs

Pre-school

Elementary Education

Secondary Education

General
Academic
Vocational
Technical

Higher Education

Junior College
Undergraduate
Graduate
Post Graduate

Vocational and Adult Education

Community College
Vocational
Technical
Adult

On the Job-Training

Library Service

Research and Development

CHART II

General Program Budgeting Matrix for Education

PROGRAMS RESOURCE CATEGORY	PRE-SCHOOL	ELEMENTARY & SECONDARY	HIGHER EDUCATION	VOCATIONAL & TECHNICAL
FEDERAL GOVERNMENT				
STATE GOVERNMENT				
LOCAL GOVERNMENT				
PRIVATE				
INDUSTRY & BUSINESS				
NON-PROFIT				
INDIVIDUALS				

to million dollar Federal programs, each input reflects the desire for some specific form of education or training. In the private sector, individuals and various interest groups are free to make decisions on the kind and amount of their educational expenditures. Beyond these expenditures it is the responsibility of Government, especially the Federal Government, to allocate educational resources to provide the maximum opportunity for individual achievement. Hence, we shall center our attention on the allocation of public funds for education. In this respect, we are concerned with information on the various programs of Federal, State and Local Governments pertaining to the major educational categories previously listed.

Availability of Program Budgeting Data

We are concerned here with the structure and content of statistics on educational finance collected by the various governmental units. At the Federal level, educational funds are distributed throughout the educational system by several agencies in the form of transfer and direct payments. There is also an inter-agency transfer of educational funds within the Federal Government. Thus, we have a requirement for information on educational programs sponsored by Federal Agency and the kinds of payments which are made.

At the State level, educational funds for elementary and secondary *education* are generally distributed through two types of program; (a) general purpose program, which usually goes towards the current operating cost of public elementary and secondary schools; and (b) special purpose program, which provides assistance for public transportation, building construction, programs for exceptional children and others. Statistical information on these programs are compiled at varying intervals by the Office of Education from reports of individual States. The most recent report "State Programs for Public School Support" contains data for the academic years 1962-63. The previous report "Public School Finance Programs" gives data for 1957-58. These figures and estimates for other years are shown in table I. At present these data provide the nearest proximity to program budgeting information for State educational programs.

For State support of higher education we must turn to information collected from institutions of higher learning. These data are available in terms of two broad categories (a) educational programs and (b) facility programs. This information is limited in that we can identify only the portion State governments contributed to educational and facility programs at the universities, teacher colleges, junior colleges, etc. We can not identify the particular programs which are advanced, such as science, business, etc. Another matter concerns the frequency and time lag in collecting and tabulating these data. For example, 1959-60 data on "Financial Statistics of Institutions of Higher Education" was

Table I State Programs for Elementary and Secondary Education 1960-65
(in thousands)

State Governments	(est) 1960-61	(est) 1961-62	(est) 1962-63	(est) 1963-64	(est) 1964-65
Elementary and Secondary Ed.	6,278,624.	6,789,190.	7,451,523.	8,113,356.	8,922,859.
General Purpose Programs	5,726,105.	6,191,741.	6,795,789.	7,399,837.	8,183,247.
Special Purpose Programs	552,519.	597,449.	655,734.	714,019.	789,612.
Special Ed. for Exceptional Children	106,737.	115,416.	126,676.	137,936.	152,539.
Pupil Transportation	150,687.	162,941.	178,837.	194,733.	215,349.
School Construction	194,637.	210,465.	230,997.	251,530.	276,159.
Textbooks	50,229.	54,314.	59,612.	64,911.	71,783.
Driver Education	12,557.	13,578.	14,903.	16,228.	17,946.
School Lunch	25,114.	27,157.	29,806.	32,445.	35,891.
Other	12,557.	13,578.	14,903.	16,228.	17,946.

Source: Estimates of program distribution taken from State Programs for Public School Support. Estimates of totals taken from Statistics of State School Systems 1959-60, 1961-62 and 1963-64. Both of these publications are from the U.S. Office of Education.

Table 2 State Programs for Higher Education 1959-60 and 1961-62
(in thousands)

<u>State Governments</u>	<u>1959-60</u>	<u>1961-62</u>
Higher Education	(1,693,976.)	(2,184,133.)
Educational Programs (public)	(1,343,148.)	(1,630,548.)
Universities	894,445.	1,095,506.
Liberal Arts Colleges	163,479.	197,196.
Teachers Colleges	173,248.	206,826.
Technological Schools	29,961.	33,736.
Other Professional Schools	25,806.	19,307.
Junior Colleges	59,100.	77,977.
Educational Programs (private)	(36,126.)	(48,384.)
Universities	29,643.	40,588.
Liberal Arts Colleges	2,590.	3,089.
Teachers Colleges	5.	4.
Technological Schools	102.	436.
Other Professional Schools	3,761.	4,201.
Junior Colleges	25.	66.
Facility Programs (public)	(308,033.)	(497,390.)
Universities	143,371.	288,708.
Liberal Arts Colleges	64,221.	42,799.
Teachers Colleges	72,251.	127,115.
Technological Schools	10,983.	10,266.
Other Professional Schools	10,700.	19,390.
Junior Colleges	6,507.	9,112.
Facility Programs (private)	(6,669.)	(7,811.)
Universities	6,411.	7,012.
Liberal Arts Colleges	258.	799.
Teachers Colleges	-----	-----
Technological Schools	-----	-----
Other Professional Schools	-----	-----
Junior Colleges	-----	-----

Source: U.S. Office of Education Financial Statistics of Institutions of Higher Education 1959-60 and unpublished data for 1961-62.

published in 1964. Preliminary 1961-1962 and 1963-1964 data are available in limited form. These data are presented in table 2.

State programs for vocational and technical education are closely tied to Federal Government funds. Therefore, data pertaining to vocational and technical education are present in table 3 for the entire public sector. These data are from the annual financial reports of individual States as required by the Smith Hughes Act. Although these data provide program information for State support of vocational and technical education they cover training at several levels--secondary, adult, etc. We are also confronted with the lack of standardized definitions in reporting procedure. For example, we can not clearly define transfer payment between different levels of Government. Nor can we identify who is paying the burden of these programs and who is receiving the benefits.

At the local governmental level program budgetary data pertaining to education is almost nonexistent. The data shown in table 4 provide general information on local governments expenditure for elementary and secondary schools. These data are collected from local agencies by State governments and then passed on to the Office of Education. Financial information on local programs for higher education have been collected from the institutions of higher learning by the Office of Education. Referring back to table 3 we find information on vocational and technical education programs supported by local governments.